



Introduction to Government Contracting





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Why Sell to the Government?

- The U. S. Government Is The Largest Single Buyer Of Goods And Services *In The World.*
 - Over 450 Billion Dollars Annually
- State and Local governments are a very large marketplace
 - May be less cumbersome than Federal Regulated
 - Regional preferences exist (Many portals)





Why Sell to the Government?

- They Are A Reliable Customer
 - The Federal Government already awards \$50+ Billion in “goods and services” contracts each year to small businesses

Awards by percentage:

- 33% of supplies & equipment
- 32% of services
- 7% of construction
- 13% of R&D





Why Sell to the Government?

- Define “Small Business”
 - Small Business Act (**PL 108-447 (85-536)**)
 - Small Business Programs (**13-CFR-101et.seq.**)
- Demand “Full & Open Competition”
 - Congress mandates goals to set aside contracts for small business (Federal Agencies)
 - Federal Acquisition Regulations (FAR) “level the playing field” (Standardize)
- Dedicated Resources To Small Business Development (PTAC)





**Federal Contract Law
Other Laws that Affect Contracting/ Dealing
with Government**

**Federal Acquisition Regulations (FAR)
<http://farsite.hill.af.mil>**

**Agency Specific Regulations (DFARs, etc.)
http://acquisition.gov/comp/virtual_library/regs.htm**

Your solicitation and contract





The Federal Acquisition Process

- Different From Commercial Purchasing
 - Highly regulated (FAR)
 - Requires Full and Open Competition
 - Contract clauses are “take-it-or -leave-it”
 - Specifications are stringent
 - Government may cancel for cause or convenience
 - Mandated socio-economic programs
 - Penalties for noncompliance
 - Subject to Government audit





The Federal Acquisition Process

- Acquisition Methods
 - Micro Purchases / \$3000 or Less
 - Simplified Acquisitions / \$3001 to \$100,000
 - Sealed Bidding- Formal
 - Negotiated Procurements- Formal
 - Government -wide contracts





The Federal Acquisition Process

- Micro Purchases (P-Card)
 - Purchases under \$3000 are considered micro-purchases
 - They do not require competitive bids or quotes, and agencies can simply pay using a Government Purchase Card
 - Micro purchases account for 85% of Government purchase actions





The Federal Acquisition Process

- Simplified Acquisitions

- Reserved for small business if purchase is above \$3000 and less than \$100 K
- Commercial items less than \$5 million
- Account for 90% of purchase transactions





The Federal Acquisition Process

- Sealed Bidding
 - For non-commercial supplies or services greater than \$100K
 - Lowest responsive/responsible bidders usually awarded contract





The Federal Acquisition Process

- **Negotiated Procurements**

- Most flexible but most complicated procurement method
- 80% of contracts exceeding \$100K
- Requests for Proposal (RFPs)
- Evaluation criteria cited in solicitation





The Federal Acquisition Process

- GSA Schedules Program

- Method of simplified acquisition – helps federal buyers purchase faster, easier, at lowest prices
- GSA establishes government-wide contracts with vendors to provide commercial supplies and services
- Generally 5 years with three 5 year option periods of indefinite delivery & indefinite quantity (IDIQ)
- **Not a guarantee of sales!** Contractors must market themselves
- www.gsa.gov/schedules





The Federal Acquisition Process

- Electronic Procurement Opportunities
 - Federal procurement opportunities that exceed \$25,000 are posted electronically on Federal Business Opportunities
 - (FBO <http://www.fbo.gov>)
 - DLA Procurement Gateway
 - RFQ, RFP, and award postings from the Defense Supply Centers
 - <http://progate.daps.dla.mil/home/>





The Federal Acquisition Process

- Getting Paid

- Prompt Payment Act (FAR Subpart 32.9)
- Government invoice payment is the 30th day after the designated billing office receives a proper invoice from the contractor or receipt of goods or services –whichever is later (exceptions FAR 32.904)
- Electronic funds Transfer (EFT)





Small Business Goals

- Public Laws impact small business
 - “Full and Open Competition” requires that all responsible sources be permitted to compete in the acquisition process.
 - Public Laws govern the small business contracting goals of Federal agencies
 - Agencies may use contract “set-aside programs” and establish sub-contracting goals for prime contractors (subcontracting plans) to reach these goals





Small Business Goals

<u>Small Business Category</u>	<u>Federal Contract Goal</u>
--------------------------------	------------------------------

- | | |
|--|---------------|
| • Small Business (SB) | 23% |
| – Woman-Owned (WOSB) | - 5% |
| – Small Disadvantaged (SDB) & 8(a) | - 5% |
| – HUBZone | - 3% |
| – Veteran-Owned Small Business (VOSB) | - Best Effort |
| – Service-Disabled Veteran-Owned Small Business (SDVOSB) | - 3% |

% of all federal procurement dollars spent per
year





Small Business Goals

- A Set-aside occurs when Solicitations are exclusively reserved for small business- CO determines that a \$3000+ contract will have two responsible small business bidders





Small Business Goals




- Government agency, prime contractor, and small business relationships
 - Large prime contractors with contracts > \$550K are required to submit small business subcontracting plans to the Government
 - Prime contractors negotiate goals in those plans and are monitored by review of bi-annual reports
 - No “privity of contract” exists between the subcontractor and the buying agency





SOC

Small Business Goals

- 
- **Small Business**
 - **Small Disadvantaged**
 -  - **8(a) SDBs**
 - **Women-Owned**
 -  - **HUBZone**
 -  - **Service Disabled**

(Arrows Indicate Set Asides Available)





Small Business Goals

- Examples Socioeconomic Goals that Affect Competition
 - Use small business (FAR Part 19)
 - Pay prevailing wages (FAR Part 22.10)
 - Provide employment opportunities for U.S. citizens (FAR Part 25)
 - Equal employment opportunity (FAR Part 22.8)
 - Maintain a drug-free workplace (FAR Part 23.5)
 - Provide preferences for veterans (FAR Part 22.13)
 - Provide handicapped accessibility (FAR Part 22.14)





Small Business Goals

Preferences for small business

- Certain Small business categories (types) may receive a source selection preference, when the small business capability meets the procurement requirements identified in the solicitation as a prime contractor goal





Defining Your Business





When You're a Small Business

- Small Business Act Mandates Government-wide Goals
- SBA- sets standards, measures results and provides services
- Agency Small Business Programs
- Available Resources





Defining Your Small Business

- Small businesses help Government agencies and prime contractors meet their small business goals
- Government Agencies and/or Prime Contractors need to know who and what you are

Have your answers ready:

- Know your small business category
- Clearly define your product or service
- Clearly define your capabilities





Defining Your Small Business

- Determining if your Business is Small
 - The Small Business Administration (SBA) establishes “size standards” based on industry
 - 37 categories based on North American Industrial Classification System (NAICS) Codes
 - Details can be found at **www.sba.gov/size**
 - FAR Subpart 19.102 (<500 FTE’s)





Defining Your Small Business

“Types of Small”

- Socioeconomic Programs
 - Small Business (SB)
 - Small Disadvantaged Business (SDB)*
 - 8(a) (SDB)
 - Historically Underutilized Business Zone (HUB Zones)
 - **Woman-Owned Small Business (WOSB)**
 - Native American-Owned Small Businesses
 - Veteran-Owned Small Business (VOSB)
 - Service-Disabled Veteran-Owned Small Business (SDVOSB)





Defining Your Small Business

- The Small Business must be 51% owned and operated by the individual(s) who qualify for any categories.

For Example:

- a "woman-owned business" concern means a business that is at least 51% owned by a woman or women who also control and operate it. "Control" means exercising the power to make policy decisions. "Operate" means being actively involved in the day-to-day management.





Defining Your Small Business

- SBA Certifications

- Confirmation of certification by the SBA is required by prime contractors and federal agencies to allow them to receive credit for purchases made to **8(a) and HUBZone firms.**
- Effective Sept. 22, 2008, SDB Certification was suspended by the SBA
- All other small business categories may self-certify.

- The certification process

- Contact your state PTAC or visit www.sba.gov on how to apply for certification.





Getting Ready To Market The Government





Critical Success Factors

- Financially stable/ adequately capitalized
- Demand for your product or service
- Adequate time to devote to Government contracting
- Current business plan
- Pricing and past performance
- Effective quality system
- Adequate Pricing and margins
- Computer Literacy, Internet capacity





Getting Ready To Market

- Register on Central Contractor Registration (CCR) www.ccr.gov To register for CCR, you will need:
 - D&B DUNS Number: 1-800-333-0505
 - Determine correct NAICS (North American Industry Classification System) code
 - To renew annually by accessing your information with your TPIN & DUNS #





Getting Ready To Market

- Register at On-line Representations and Certifications Application
 - (ORCA) <https://orca.bpn.gov/>
 - Creates a single place for your small business representation & certification info
 - Eliminates entering data with each bid/proposal (update annually)





Getting Ready To Market

- Get Educated On The Process
 - Understand the Federal Government contracting process
 - How to find opportunities
 - What rules apply to my participation
 - How to respond to a bid solicitation, quote, etc.
 - What is adequate contract performance
 - Learn how to build on your success



Getting Ready To Market

- Develop a Marketing Plan
 - Determine if Federal agencies, prime contractors (or both) buy your product or service?
 - Is the pace of Government contracting compatible with your business plan?
 - Can a preference program benefit you?
 - Are you able to compete profitably?
 - *Only research will tell!*





Getting Ready To Market

- How Does A Small Business Market Itself To The Agencies And Prime Contractors?
 - All Government agencies and large business primes have goals to be met, but...
 - Your SB category should not be the primary focus of your marketing pitch
 - Your SB category may help get you in the door, but...
 - Your ability to perform is most important





Getting Ready To Market

- Business Plan that includes Government Markets
- Capability Statement that includes all information relevant to government contracting (DUNS, CAGE Code, NAICS Code(s), SIC Codes, FSC or PSC Codes)
- Collateral that reflects readiness to sell to the government (web site, domain related email address, business profile)





Resources for Small Businesses

- RI SBDC – for business plans, marketing plans, web site development
www.risbdc.org 401-598-2702
- RIMES – for ISO 9000 and quality assessments, lean manufacturing, capability statements
www.rimes.org (401) 270-8896
- SCORE – for general business process & skills assistance
www.riscore.org (401) 528 - 4561
- SBA – for small business loan guarantees and Patriot Loan applications
www.sba.gov 401528-4561
- ECC – for schedule of available business training events in RI
www.everycompanycounts.com 401-278-9100

